Liberalisation of Licensing and Export Policies

3656. PROF. UMMAREDDY VENKATESWARLU: Will the Minister of COMMERCE be pleased to state:

(a) whether the Government have liberalised the licensing and export policies recently to set right the balance of payments to other countries;

(b) if so, the details thereof; and

(c) the sectors in which the exports have improved

THE MINISTER OF STATE OF THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM): (a) Yes, Sir. The Government have liberalised the licensing and export policies recently.

(b) (i) The details of material changes in the Imports & Exports Policy 1990-93 Vol. I regarding the Import Policy for Registered Exporters are available in the attached Statement - I.

(ii) Similarly the details in respect of changes made in the Import & Export Policy 1990-93 Vol. II are as under:-

A total number of 116 items have been taken out from the purview of the various lists such as banned, On Merits, Ceiling, OGL and canalised Lists of Import & Export Policy 1990-93 (Vol.II) and their export has been allowed on de-controlised basis without any licensing or other formalities. The details of these are as under:

	Name of the List	*No. of items decontrolled*
1.	Banned List	41
2.	Merit List	25
3.	Ceiling List	19
4.	OGL List	18
5.	Canalised List	13
	Total	116

A total of 20 items have also been shifted to the OGL List from Merits, Ceiling Lists and canalised Lists. A list of these items are available in the attached Statement.

(c) The Principal commodity sectors in respect of which exports have registered a higher growth during the period August-September, 1991 include spices, processed food, marine products, ores and minerals, leather and leather manufactures, Gem and Jewelry, Chemical and related products, engineering Goods, Textiles, Handicrafts, Carpets etc.

STATEMENT - I

In the context of deteriorating Balance of Payment situation the Government had announced a new trade policy to provide greatest thrust to the reports. It was also announced that to achieve this objective required changes in terms of policy and procedure would be necessary. Henceforth the replenishment benefits would become principal instrument for export related imports. Keeping in line with the above decision, following structural changes have been made in the Policy/Procedure:

UNIFORMITY OF REPLENISHMENT RATES

(1) All the exports products would have a uniform rate replenishment of 30% of FCB except for metal based handicrafts, Newspapers/journals/periodicals, exposed cinemate graphic films and Gem/Jewelry sector which will continue to enjoy the higher benefit of replenishment as were earlier admissible. further, in respect of some notified export products like Fish and fish products, agricultural products, drugs, electronics products, high technological engineering products the exporters are eligible an additional replenishment benefit at the rate of 10% of the FOB value of exports, in addition to the normal replenishment benefit of 30%. This will give maximum incentives to exporters whose import intensity is low like agricultural exports.

DISTINCTION BETWEEN GCA IMPORT AND RPA IMPORTS AGAINST REPLENISHMENT ENTITLEMENT

(2) Hence forth export generated from GCA (General Currency Area) and RPA (RUPEES Payment Area). In case of exports to RPA countries where the export realisation is in free foreign exchange, the benefit of import repenishment will be similar to those for export to GCA will enjoy the benefit of import repenishment for use from GCA and RPA respectively. This will encourage the exporters to make more exports to GCA and earn much needed foreign exchange.

CHANGE IN TERMINOLOGY OF "REP" TO "EXIM SCRIP"

(3) The terminology "REP, wherever it appears in the Import & Export Policy Book (Vol. I & II) as amended, and Hand Book of Procedures (Vol. I & II), amended. has been substituted by "EXIM SCRIP".

ENLARGEMENT OF THE SCOPE OF SERVICE EXPORTS

(4) The Scope of export services has been enlarged to include other services rendered abroad or exported by resident Indian architects and designers, textile designers, artists, lawyers, doctors, chartered accountant, management consultants, engineering and technical consultants, economic consultants and other professionals services rendered abroad or exported by resident Indians or exported by resident Indian.

ENHANCEMENT IN THE RATE OF REPLENISHMENT ON SERVICE EXPORTS

(5) the rate of replenishment of service exports has been increased from 10% of NFE to 30% of NFE. This will provide more encouragement to the trained Indian professionals to venture into service sector abroad to earn much needed foreign exchange.

FLEXIBILITY FOR IMPORT OF PERMISSIBLE NON-OGL CAPITAL GOODS AGAINST EXIM SCRIPTS/ ADDITIONAL EXIM SCRIPS/SPECIAL ADDITIONAL EXIM SCRIPS

(6) Exim Scrips/Additional Exim scripts/ special Additional Exim Scrips can be utilised, without any upper value limit, for import of permissible non-OGL capital goods including instruments and accessories thereof and balancing equipment without indigenous clearance and without advertisement procedure. this facility is available against own and/or acquired Scrips.

SURENDER OF EXIM SCRIPS TOWARDS PAYMENT OF FOREIGN TECHNOLOGY AGREEMENTS

(7) Subject to the prescribed conditions,

the Exim Scrips can also be utilised by surrender towards payments of foreign technology agreements.

SPECIAL REPLENISHMENT EXPORTERS WORKING UNDER CUSTOMS BOND

(8) The rate of special replenishment to exporters operating under customs bond proposed, has been enhanced from 10% to 30% of the value addition achieved.

EXPORT REALISATION IN TERMS OF US DOLLARS ON EXPORT OF CUT & POLISHED DIAMONDS AND GOLD/ SILVER JEWELERY

(9) The exports of cut & polished diamonds and Gold/Silver Jewelery are now required to fulfil export obligation in terms of US Dollars> further, the exim scrip rates on export of cut & polished diamonds have been reduced from eight slabs to five slabs.

FLEXIBILITY FOR THE IMPORT OF OGL ITEMS ON REP LICENCES

(10) REP licences already issued or yet to be issued on the exports made upto 3.7.91 shall also enjoy other facility of OGC items listed in Dist 8, Part-I and List 10 of appendix-6 of the policy. This facility has since been allowed on the "EXIM SCRIP" to be generated on the exports made from 4.7s.91.. Hence this would bring a parity between the REP licences and the "EXIM SCRIP" and would help the PMP Industries, who are compulsorily linked with the utilisation of REP licences for the import of OGL items for their use.

REPLENISHMENT BENEFITS TO BE GRANTED IN THE SHAPE OF "EXIM SCRIP"

(11) The formate of licence has now been modified in a simplified manner to be known as "EXIM SCRIP" would now serve both the purposes of exchange control and custom clearance. This would enable the free trade ability of the "SCRIP" and also easy operation at the level of banks as well as custom authorities.

EASIEST PROCEDURE FOR ISSUE OF "EXIM SCRIP"

(12) Instructions have now been issued to the field offices of the CCE organisation to issue the "EXIM SCRIP" within 48 hours based on the claim furnished by an exporter supported by a bank certificate of realisation. This is of course will be subject to the condition that the claim so decided would be post-audited and the exporter would be responsible for making good the deficiencies and surender of in adminissible entitlement. this would enable the exporter to get this benefit virtually across the table.

SIMPLIFIED FORMAT OF APPLICATION AND BANK CERTIFICATE

(13) The simplified format of application for claim of "EXIM SCRIP" an bank certificate of realisation has now been notified. The applicant will have to file an application only supported by a bank certificate of realisation and the necessity of filing multiple document has been eliminated.

ELIGIBILITY CRITERIA FOR GRANT OF EXPORT HOUSE/TRADING HOUSE STATUS

(14) The eligibility criteria for he grant of Export House, Trading House and Star Trading House status as laid down in the Import Policy, 1990-93 shall now be restricted to the licensing year 1991-92 only. Similarly, the provisions to the grant of Additional REP licence to Export/Trading Houses and Star Trading House would be applicable to such licences as relate to licensing period 1991-92 only. Now the revised eligibility criteria has been notified. For grant of Export House/

Trading House/Star Trading House, an exporter shall now have a minimum average NFE earnings of Rs. 6 crores, Rs. 30 crores and Rs. 125 crores respectively during the preceding three years. Further, the aforesaid status can also be granted based on export performance of one year only instead of three years. The exporters having an export performance of NFE earning of Rs. 12 crores, Rs. 60 crores and rs. 150 cores during the preceding one iytar can also attain the status of Export House, Trading House (& Star Trading House, Trading House & Star Trading House respectively.

ENTITLEMENT OF ADDITIONAL REP

(15) On 4-5-91, the rate of entitlement of Additional Exim Scrips for the licensing year 1991-92 was reduced from 10% to 5% of NFS with full flexibility of import of limited permissible (App.3) and non-canalised (Appx. 5A) items. Now the rate of entitlement will be 10% of NFE for the licensing year 1991-92 with full flexibility for the above mentioned items. Similarly, the entitlement of Special Additional Exim Scrips which was reduced for 15% to 10% has now been restored to 15% of NFE.

ENLARGEMENT OF SCOPE OF IMPORTABILITY ON ADDITIONAL LICENCES GRANTED TO EXPORT HOUSES/TRADING HOUSES

(16) (a) The scope of importability on Additional Exim Scrips granted to Export/ Trading Houses has been enlarged to permit the import of limited permissible (App.3) and non-sensitive canalised items (App.5A)to the full extent. This will enable the trade and industry to meet their requirement of much needed inputs consequent to the suspension of supplementary licensing system.

FULL FLEXIBILITY OF IMPORT OF LIMITED PERMISSIBLE AND NON SENSITIVE CANALISED ITEMS ION THE EXISTING ADDL. REP LICENCES

(16) (b) It has been decided to allow full flexibility for the import of limited permissible (App.3) and non-sensitive canalised (Appx. 5A) items on the Additional Exim Scrips already issued for the licensing year 1988-90 1989-90 and 1990-91. Earliers, these licences were enjoying the flexibility of import of such items only to the extent of 10% of the value of the licences. However, certain specified items listed in Appendix-19 of similar category were allowed to be imported to the full extent. the said Appendix-19 now stands withdrawn.

SPECIAL INCENTIVE TO EXPORTS UNDER DUTY EXEMPTION SCHEME

(17) Rate of Special replenishment benefit to exporters availing the benefit of duty exemption scheme has been enhanced rom 10% to 30% of value addition achieve. However, on the export of products listed in app. 18 of the Import & Export Policy the Special Exim Scrip has been allowed as higher rate of 40% of the value addition achieved. This will encourage the exporters to fulfil their obligation within minimum possible time to earn the better incentives now being granted.

REVALIDATION OF ADVANCE LICENCES BY LICENSING AUTHORITIES

(18) Earlier the powers for grant of revalidation on licences issued under Duty Exemption Scheme were considered in the O/O CCI&E. Now licence granted under duty exemption scheme, may be revalidated by the licensing authority concerned talking into account the merit of the case.

SPECIFICATION OF CURRENCY FOR EXPORT AND IMPORT AGAINST ADVANCE/BLANKET ADVANCE LICENCE

(19) Advance licences/Blanket Advance licences excepting those relating to exports to be effected to RPA, issued under the Duty Exemption Scheme will specify the values in

free foreign exchange both for the purposes of import and also export obligation. the currencies in which such values are determinated will be lined to those notified for this purpose by the REserve Bank of India.

FLEXIBILITY IN THE CONDITION OF SUBSTANTIAL MANUFACTURING ACTIVITY INVOLVED

(20) The condition relating to the substantial manufacturing activity will not be applicable for exports to GCA against Advance/Blanket Advance Licence.

GRANT OF REPLENISHMENT TO 100% EOUS/ EPZS/FTZS

(21) On the physical Exports made of the products, other than those listed in App.17 part-ii and exports of gold and silver plain/studded, jewellery and articles, 100% EOUs/units situated in Export Processing/ Free Trade zones will get exim scrips @ 30% of the evalue addition achieved from the CIF value of imports (including domestic supplies taken with deemed export benefits) to fob value of export.

GRANT OF EXPORT HOUSE/TRADING HOUSE STATUS/CERTIFICATES TO THE UNITS SITUATED IN EXPORT PROCESSING/FREE TRADE ZONES AND 100% EOUS

(22) Units located in Export processing/ Free Trade Zones and 100% EOUs will also be eligible for grant of Export/Trading House certificate like other units in the domestic tariff area, subject to fulfilment of the eligibility conditions as laid down. for this purpose the status can either be claimed indepe.:dently by such units or the same could be claimed by their parent unit of the same name any style, if any, situated in the domestic tariff area, in which event the unit in the domestic tariff area may also club the performance of the unit situated in Export Processing/Free Trade zone and 100% EOUs, with their performance for the grant of the status.

The net foreign exchange earning (NFE) for the above purpose has been defined as FOB value of relevant exports minus CIF value of the inputs used in their manufacture. units situated in Export processing Zones are also eligible for grant of Star Trading House certificate subject to the conditions laid down.

STATEMENT - II

List of Items which have been controlled on 14th August, 1991

1. Castor Oil when exported to Rupee Payment Areas.
2. Polyethylene (LTD).
3. Coal and coke other than LD Coal.
4. Colour Picture Tubes and sub-assemblies of Colour TV containing Colour TV PICTURES Tubes.
5. Ethyl Alcochol or rectified spirit of any proof degree whether denatured or not.
6. Exposed Cinematographic Films and Video Tape Cinema Fiims.
7. Mill Scale Scrap.
8. Bimetal Ore (black iron ore) with manganese contents form 3% upto 10% of Goa Origin.
9. Railway passenger Coaches and Locomotives.
10. Raw Jute, Mesta & Jute Cuttings.
11. Low grade bauxite with Alumina

content A12 O3 less then 54% of West Coast origin.

The List of items which have been decontrolled on 3rd September, 1991

Polythelene (HD) excluding ultra High Molecularweight High Density Poly Ethlene.

2. Ethylene Oxide.
3. Isopropdyl alcohol.
4. Synthetic Rubber.
5. Ultra High Molecular Weight high Density Poly Ethylene
6. Ethylene Glycol.
7. Methyl Isobutyl Ketone.
8. Polythyne Glycol.
9. Diehylene Glycol.
10. Ethyl Hexanol.
11. High Performance Viscose Staple Fibre.
12. Second hand automobile spares components & accessories.
13. Crude Rum i.e. rum not matured in wood.
14. Metals, namely, Copper-Electrolytic, fire refined and blister copper in the form of ingots, wire bars, blooms, slabs, cakes, tiles, bricks, billets, scrap and cathedoes.
15. Nickel, Unwrought and nickel pellets.
16. Magnesium.
17. Pig lead unwrought.
18. Zinc or spelter unwrought.
19. Tin, unwrought and wrought.
20. Cobalt, unwrought and wrought.
21. Bismuth.
22. Molybdenum.
23. Platinum crude and refined unwrought.
24. Tungsten.
25. Vanadium
26. Copper ores and concentrates.
27. Lead ores and concentrates.
28. Metallurgical residues i.e. drosses skimming slags, ashes, slims flue dust (Other than those of Gold and Silver) containing 15% or more of free metal content.
29. Real Madras Handkerchiefs (RMHK) made on Powerloom.
30. Cultivated Orchids Aerides Species.
31. Dendrobium Species.
32. Plione species.
33. Calanthe species.
34. Cymbidium Species.
35. Coelogyne species.
36. Cyprepedium species

37. Bulbophyllum species.

38. Rhynostylis species.

39. Anocetoechilus species.

40. Phjus species.

41. Phalenopsis Species.

42. Eria species.

43. Asscocentrum species.

44. Sivlver bullion, silver sheets and plates with have not undergone any process of manufacture subsequent to rolling.

45. *Silver salts, Silver Chemicals and* Compounds irrespective of percentage of Silver contents other than the *following:-*

Silver content assuming 100% purity.

Silver nitrate for durgs/photo chemicals 63.5%.

Silver. Bromide-Anticeptic photo chemicals 57.45%.

Silver oxide for drugs 93.1%.

Silver for electroplating 80.57%.

Silver Suboxide AG 4" 96.4%.

Silver Chloride for electroplating 75.26%.

Silver Flouride for drugs formulations of mild silver protein and silver sulphadiazine conforming to formulations prescribed in recognised protein and official standards 64.63%.

46. Manufactures and products having silver as an ingredient, other than those mentioned in Part 'B' against S.No. 41 of List 3 and also excluding Engineering Handicraft and electrical goods costume jewellery and silver filigree.

47. Styrene Monomar.

48. Sugar Cane.

49. Sulpher (excluding insoluble sulphur).

50. Wool Tops other than those made from imported wool and Wood Noils.

51. *Wool Waste other than wool waste* production out of imported wood under Customs Bonds.

52. Acetic Acid.

53. Mono Chloro Acetic Acid.

54. Polythylene (ILDP).

55. PVC Compound.

56. Toluene.

57. Nylon Tyre Yarn Fabric.

58. Any other cellulosic or synthetic fibre excluding polyester staple fibre or yarn not specified elsewhere.

59. Silver coins irrespective of silver contents.

60. Woollen semi worsted yarn.

61. Calcium carbide.

62. Insoluble sulphur.

63. Nylon tyre cord.

List of items decontrolled on 31st October, 1991

1. Zinc Ores.
2. Zinc Concentrates
3. Calcined Bauxite.
4. Metal Scrap, namely.

   i) Nichrome Scrap.
5. ii) Scrap & other metal.
6. Non-ferrous metal.
7. Stone Ballast/pitching stone of Bihar Origin.
8. zircon ores and concentrates semi precious variety of zircon stone.
9. Chemical elements doped for use in electronics in the form of discs, wafers of similar forms Chemical compounds doped for use in electronics.
10. delected.
11. Frozen semen of animals.
12. Castor Oil.
13. Molasses.
14. Khandsari Molasses.
15. Angora Goat Hair/Mohair.
16. Raw Wool above 36s quality indigenous.
17. Raw Wool upto 2s quality (indigenous except angora goat hair/mohair).
18. Real Madras handkerchief on Handlooms.
19. Textile Cloth and material of olive green shade excluding pure silk and artificial silk fabric.
20. Wool tops made from imported wool excluding wool noils.
21. Tent and Tent Cloth of Olive Green shade.
22. Jute Carpet backing cloth.
23. Knitwears (acrylic and mixed).
24. Shoddy Yarn.
25. Cyanuric chloride.
26. P.V.C. Res in.
27. Chloroquine sulphate.
28. *Psyllium seed/Psyllium Husk* Psyllium Powder.
29. *Cathadine Beetles.*
30. Syntheti musk.
31. Mercury.
32. Chrome Concentrates.
33. Ferro Alleys except the following:-

    i) All grades of ferro Manganese Slag,

    ii) Ferro Manganese (other than ferro Manganese containing carbon less than 0.05%).

    iii) Silico Manganese (Ferro Silica Manganese).

iv) Ferro Chrome/Charge Chrome Containing carbon less than 0.03% and nitrogen bearing ferrochrume/charge chrome.

v) Silico Chrome all grades (Ferro silico Chromium).

34. Silver Jewellery and silver articles mentioned in Para 297 of Import & Export Policy, 1990-93 (Volume.I'

35. Silver Jewellery containing less than 50% silver by weight.

36. Gold Jewellery and articles.

37. Cashew Kernels.

38. S.L.V. Coal.

39. All grades of ferro Manganese Slag.

40. Ferro Manganese (other than Ferro Manganese containing carbon less than 0.05%).

41. Silico Manganese (Ferro Silica Manganese).

42. Ferro Chrome/Charge Chrome containing corbon less then 0.03% and nitrogen bearing ferrochrome/ charge chrome.

43. Silico Chrome all grades (Ferro silico Chromium).

Items which have been shifted to OGL on 14th August, 1991 and 3rd September, 1991.

1. Aircrafts and spares and accessories thereof including for repair/overhaul on returnable basis by the Airlines both Indian and Foreign.

2. Fire arms and ammunition other than those mentioned against Sl.No. 1 of list 3.

3. Kuth (Costuslappa syn. Saussara lappa) (c.b. Cl. Asteracceae) cultivated in private lands and is derivatives except wild varieties.

4. orchids the following Ascocentrum spp.

5. Denendrobium.

6. Plione.

7. Calanthe.

8. Cymbidium.

9. Coelogyne.

10. Aerides.

11. Cyprepidium.

12. Bulbophyllum.

13. Rhynostylis.

14. Anocetochilus.

15. Phajus.

16. Phajus.

17. Eria.

18. sugar.

19. Iron Ore of Hedi Origin to all markets.

20. iron ore of Goa Origin when exported to China or Europe in addition to Japan, South Korea and Taiwan.